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ABSTRACT

Job Corps, administered by the Department of Labor, is an employment and training program aimed at providing severely disadvantaged youth with a comprehensive array of services, generally in a residential setting. A study conducted meetings with Department of Labor (DOL) officials, analyzed national data on program participants, and visited six Job Corps centers to obtain information on costs, services, and outcomes achieved. A telephone survey of employers provided data on job retention and satisfaction with students. Findings indicated that the Job Corps was serving its intended population and providing intensive services in a residential setting, factors that accounted for the program's high cost. Nationally, a little over one-third of the 63,000 students completed their vocational training, although completers were 5 times more likely to get a training-related job that paid 25 percent higher wages. About 40 percent of funds at these sites was spent on students who did not complete vocational skills training. The employer survey showed general satisfaction with students' basic work habits and the specific technical training the program provided. The majority said they would hire them again. About 15 percent of job placements were potentially invalid. The cost effectiveness of Job Corps' long-standing practice of awarding sole source contracts to national contractors was questioned. The principal justification was the contractors' ability to place students nationwide. According to Job Corps data, nearly half of all job placements were found by the student, family, or friends. (Appendixes include scope and methodology, information about the employer survey, Job Corps centers by DOL region, national training contractors, and DOL comments.) Nine figures are included. (YLB)

United States General Accounting Office

GAO

Report to the Chairman, Committee on Labor and Human Resources, U.S. Senate

June 1995

JOB CORPS

High Costs and Mixed Results Raise Questions About Program's Effectiveness

ED 384 789

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United States
General Accounting Office
Washington, D.C. 20548

Health, Education, and
Human Services Division

B-261067

June 30, 1995

The Honorable Nancy Landon Kassebaum
Chairman, Committee on Labor
and Human Resources
United States Senate

Dear Madam Chairman:

Job Corps is an employment and training program aimed at providing severely disadvantaged youth with a comprehensive array of services, generally in a residential setting. Administered by the Department of Labor, Job Corps provides funds directly to public, private, and nonprofit organizations to operate local centers. Job Corps is the most expensive federal youth employment and training program, with current appropriations of about $1 billion. The administration has proposed expanding the program over the next several years, adding 50 centers to the 111 Job Corps centers in operation today and increasing student capacity, currently about 41,000, by 50 percent. While expansion of the program is planned, concerns have been raised recently by the Congress, the Department of Labor's Inspector General, and others about the program's effectiveness and its high cost.

In light of these concerns, you requested that we provide you with information on the program's operations. Specifically, you were interested in (1) who is being served and the services provided, (2) the outcomes the program is achieving in relation to the program's cost and employers' satisfaction with Job Corps students they hire, and (3) Labor's use of national contractors to provide vocational training services.

To address your request, we met with Labor officials responsible for Job Corps, analyzed national data on program participants, and visited six Job Corps centers to obtain detailed information on their costs and services and the outcomes achieved. We also conducted a telephone survey of employers to obtain information on job retention and employers' degree of satisfaction with Job Corps students' preparation for work. We did our work from December 1994 through May 1995 in accordance with generally accepted government auditing standards. (See app. I for a more detailed discussion of our scope and methodology and app. II for a detailed discussion of the survey of employers who hired Job Corps students.)

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Results in Brief

We found that Job Corps is serving its intended population—severely disadvantaged youth—and provides them with intensive services in a residential setting, factors that account for the program's high cost. Of the approximately 63,000 students who left Job Corps in the year ending June 30, 1994, our analysis shows that 68 percent had two or more barriers to employment, such as not having a high school diploma, lacking basic skills, receiving public assistance, and having limited English proficiency. Because Job Corps provides a comprehensive program of services in a controlled, residential environment, nearly half of its expenditures for this period were for residential living expenses and the wide range of services, such as social skills instruction, which includes learning self-control and arriving on time for appointments. About 20 percent of the funds was spent for basic education and vocational skills training.

While Job Corps reported nationally that 59 percent of its students obtained jobs (and another 11 percent enrolled in further education programs), we found that about half of the jobs obtained by students from the six sites we visited were low-skill jobs—such as fast food worker—not related to the training provided by Job Corps. Nationally, a little over one-third of the 63,000 students completed their vocational training. Yet, at the six sites we visited, we found that students who completed their vocational training were five times more likely to get a training-related job, and training-related jobs paid 25 percent higher wages ($6.60 an hour versus $5.28 an hour). Furthermore, we estimate that about 40 percent of funds at these sites was spent on students who did not complete their vocational skills training.

Our survey of employers who hired Job Corps students showed that employers were generally satisfied with the students' basic work habits and the specific technical training the program provided. Although these students did not work long for their initial employer—88 percent were no longer in their initial job—the majority of employers said they would hire them again. However, our survey raised serious concerns about the validity of reported job placement information. Despite Job Corps' job placement verification procedures, about 15 percent of the placements in our sample were potentially invalid: a number of employers reported that they had not hired students reportedly placed at their businesses, and other employers could not be found.

We have questions about whether Job Corps' long-standing practice of awarding sole source contracts to national contractors for about a third of Job Corps' vocational training is cost effective. A principal justification for

these contracts, some of which have been awarded for 25 years or more, is the contractors' ability to place students nationwide. However, Labor lacked the data needed to determine how many placements, in fact, were made by national training contractors. According to Job Corps data, nearly half of all job placements were found by the student, family, or friends. Thus, it is unclear whether Job Corps benefits from the nationwide placement network of the national training contractors. Furthermore, most of the training the contractors provide is in the construction trades, which represent a small proportion of employment in the United States and which has declined over the past several years.

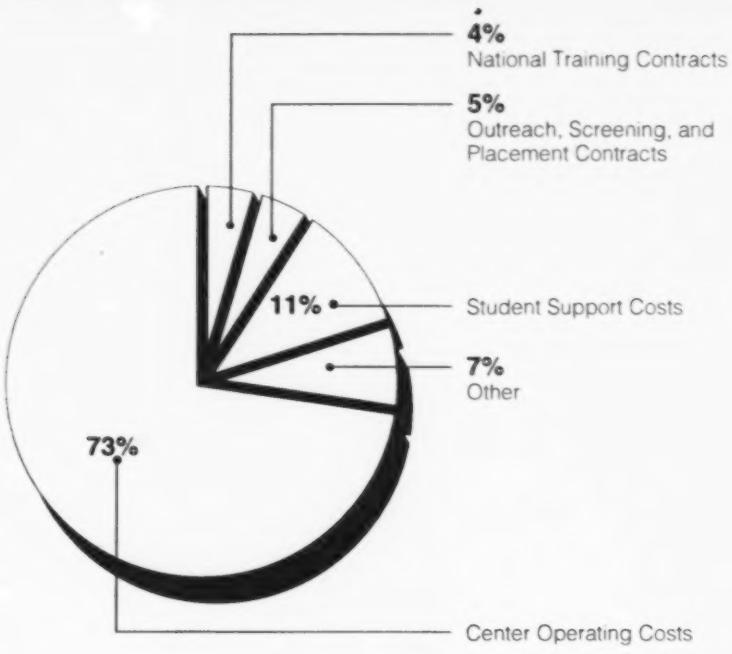
Background

Job Corps was established in 1964 to address employment barriers faced by severely disadvantaged youth throughout the United States. Thirty years later, it remains as a nationally operated program at a time when responsibility for other federal training programs, most notably the Job Training Partnership Act (JTPA), has been delegated to state and local agencies.

In program year 1993,[1] the most recent 1-year period for which complete spending and outcomes data were available, about three-fourths of the program's total expenditures of about $933 million was for center operating costs, such as staff salaries, equipment, maintenance, and utilities (see fig. 1). The remaining funds were used for student allowances and payments; contracts for outreach, screening, and placement services; contracts with national training providers; and facilities construction, rehabilitation, and acquisition.

[1]Program year refers to the 12-month period from July 1 through June 30. Program year 1993 covers the period from July 1, 1993, to June 30, 1994.

Figure 1: Distribution of 1993 Job Corps Expenditures



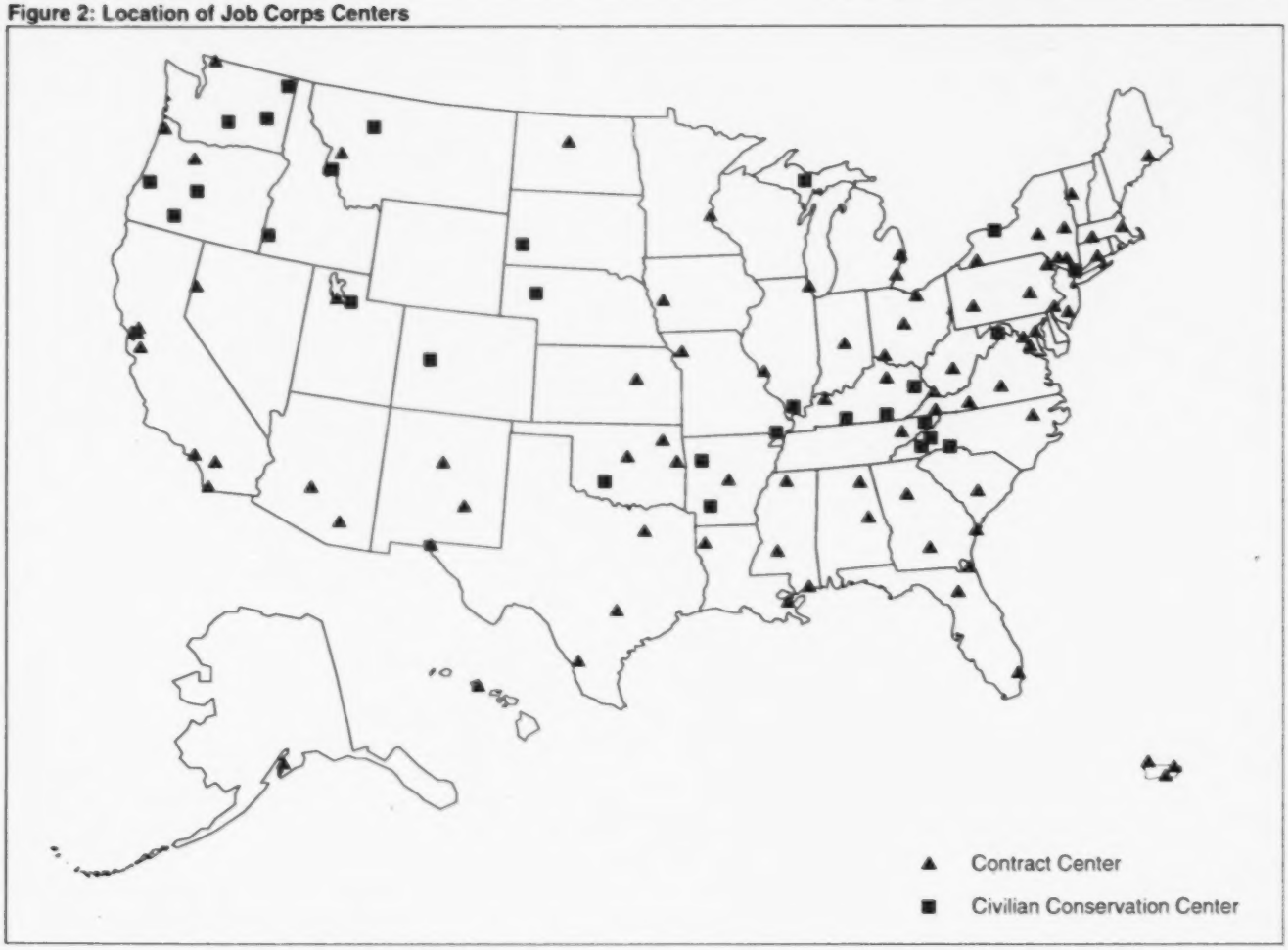
Note: "Other" includes costs associated with facilities construction, rehabilitation, and acquisition; curriculum and staff development; and data and property management support.

Source: Job Corps data.

Currently, 111 Job Corps centers are located throughout the United States, including Alaska, Hawaii, and Puerto Rico (see fig. 2). Although most states have at least one center, four states have no centers—Delaware, New Hampshire, Rhode Island, and Wyoming—while several states have four or more centers (California, Kentucky, Oklahoma, Oregon, New York, Pennsylvania, Texas, and Washington). Private corporations and nonprofit organizations, selected through a competitive procurement process, operate 81 centers; the Departments of Agriculture and the Interior, as

required by law,[2] directly operate 30 centers, called civilian conservation centers, under interagency agreements.

Figure 2: Location of Job Corps Centers



[2]Section 427 of JTPA, as amended by the Job Training Reform Amendments of 1992, states that no funds may be used to carry out any contract with a nongovernmental entity to administer or manage a civilian conservation center of the Job Corps.

While the program's capacity has fluctuated over the years since its establishment, the current capacity closely approximates its original size. In 1966, about 41,900 slots were available at 106 centers. Today, approximately 41,000 slots are available at 111 centers, ranging in size from 120 slots at a center in California to 2,234 at another center in Kentucky. Appendix III lists the centers, their student capacity, and their operating costs for program year 1993.

Job Corps enrolls youth aged 16 to 24 who are economically disadvantaged, in need of additional education or training, and living in a disruptive environment. Enrollments are voluntary, and training programs are open-entry and self-paced, allowing students to enroll throughout the year and to progress at their own pace. Individuals enroll in Job Corps by submitting applications through outreach and screening contractors, which include state employment service agencies, nonprofit organizations, and private for-profit firms. On average, students spend about 8 months in the program but can stay up to 2 years.

Each Job Corps center provides services including basic education, vocational skills training, social skills instruction, counseling (for personal problems as well as for alcohol and drug abuse), health care, room and board, and recreational activities. Each center offers training in several vocational areas, such as business occupations, automotive repair, construction trades, and health occupations. These programs are taught by center staff, private contractors, or instructors provided under contracts with national labor and business organizations. Participation in Job Corps can lead to placement in a job or enrollment in further training or education. It can also lead to educational achievements such as attaining a high school diploma and reading or math skill gains.

One feature that makes Job Corps different from other federal training programs is its residential component. For example, employment training services under JTPA, the federal government's principal job training program for the economically disadvantaged, are provided in a nonresidential setting. Under Job Corps, 90 percent of the students live at the centers, allowing services to be provided 24 hours a day, 7 days a week. The premise for boarding students is that most come from a disruptive environment and therefore can benefit from receiving education and training in a new setting where a variety of support services are available around the clock. The residential component is a major reason the program is so expensive.

While in the program, students receive allowance and incentive payments. For example, initially a student receives a base allowance of about $50 per month, increasing to about $80 per month after 6 months. In addition, students are eligible to receive incentive bonuses of between $25 and $80 each if they earn an exceptional rating on their performance evaluations, held every 60 days. Students can also earn bonuses of $250 each for graduating from high school or receiving a general equivalency diploma, completing vocational training, and getting a job. Students receive an additional $100 if the job is related to the vocational training they received while in Job Corps. Students obtain jobs through a variety of mechanisms, including finding the job on their own, being referred by their vocational instructor, and being placed by the Job Corps center or a contracted placement agency.

The last comprehensive study of the effectiveness of the Job Corps program was done nearly 15 years ago.[3] While that study concluded that the program was cost effective—returning $1.46 to society for every dollar being spent on the program—more recently, audits by Labor's Inspector General,[4] media reports, and congressional oversight hearings have surfaced issues and concerns with the program's operations. Among these are concerns about the quality of training and outcomes in relation to program costs, incidents of violence occurring at some centers, and the overall management of the program.

Job Corps' Clientele and Services Result in Higher Costs Than Other Programs

The Job Corps program is the most expensive employment and training program that Labor administers, spending, on average, four times as much per student as JTPA. According to Labor's program year 1993 figures, the cost per Job Corps terminee averaged about $15,300.[5] In contrast, the cost per youth terminee (aged 16-22) in JTPA averaged about $3,700.[6] The

[3]Evaluation of the Economic Impact of the Job Corps Program: Third Follow-up Report, Mathematica Policy Research, Inc. (Sept. 1982). Labor initiated another study of Job Corps in 1994 to analyze the net impact of the program. Initial results from this study, also conducted by Mathematica, will be available in 1997.

[4]Statement of Charles C. Masten, Inspector General, U.S. Department of Labor, before the Senate Committee on Labor and Human Resources (Oct. 4, 1994).

[5]A terminee is a person who has left the program for any reason, including dropping out for personal reasons, returning to school, or getting a job. Average cost is equal to the total program year 1993 appropriation divided by the total number of terminations.

[6]Average cost is equal to the total program year 1993 appropriations for JTPA title II-C—the year-round training program for youth—divided by the total number of terminations. The average length of stay in the title II-C program was about 8 months in program year 1993.

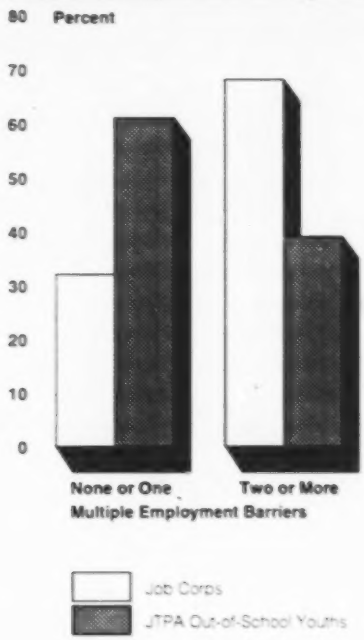
clientele targeted by Job Corps, as well as the comprehensive services provided to the students, contributes to the high cost of the program. Job Corps seeks to enroll the most severely disadvantaged youth who have multiple barriers to employment. We compared characteristics—at the time of program enrollment—of the 63,000 program year 1993 Job Corps terminees with the 172,000 comparable youth terminees from JTPA.[7] Using JTPA's definition of hard-to-serve clients, we compared those characteristics that could be commonly applied to both programs—being a school dropout, being deficient in basic skills (reading and/or math skills below the eighth grade), receiving public assistance, and having limited English proficiency.[8] We found that the percentage of Job Corps students with a combination of two or more of these employment barriers was much greater than it was for JTPA participants—about 68 percent of all Job Corps terminees nationwide compared with 39 percent of JTPA terminees[9] (see fig. 3).

[7]For this comparison, we used JTPA out-of-school participants aged 16 to 24 who terminated from training programs funded under titles II-A and II-C.

[8]These characteristics are identified in the Job Training Reform Amendments of 1992 and are also discussed in our report, Job Training Partnership Act: Services and Outcomes for Participants with Differing Needs (GAO/HRD-89-52, June 9, 1989).

[9]We recognize there are other characteristics considered to be barriers to employment, such as being a criminal offender or having a poor work history. These other characteristics, however, were not commonly defined or uniformly collected under both programs.

Figure 3: Comparison of Job Corps and JTPA Participants With Multiple Employment Barriers

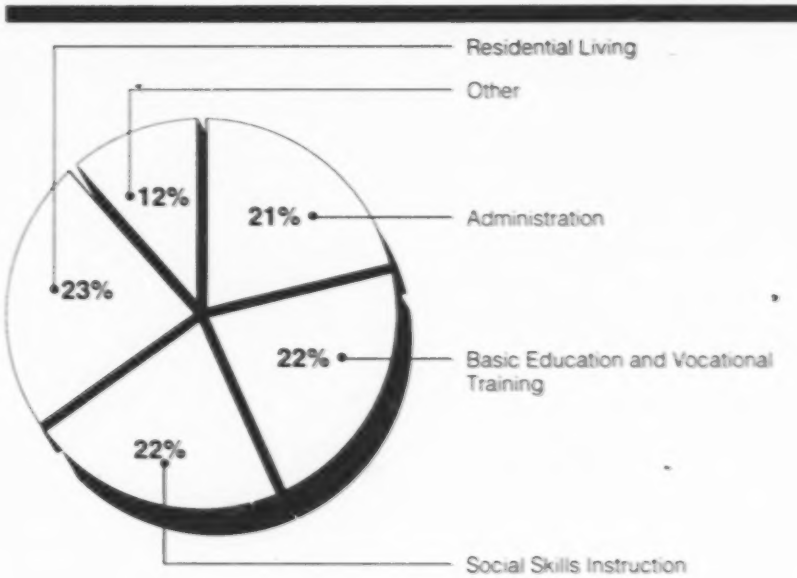


Source: Job Corps and JTPA data.

To address the needs of students with multiple employment barriers, Job Corps provides a comprehensive range of services. Among these services are those associated with the residential component and instruction in social skills. Residential living services include meals, lodging, health and dental care, and transportation. Social skills instruction is a structured program that teaches 50 skills, including working in a team, asking questions, dealing with anger, learning self-control, handling embarrassment, and arriving on time for appointments. Taken together, expenditures for residential living and social skills instruction accounted for about 44 percent of the program year 1993 Job Corps operating costs nationally. At the six centers we visited, we obtained detailed information on program year 1993 expenditures for various Job Corps activities and found that about 45 percent of the funds was spent on residential living and social skills instruction, whereas about 22 percent went for basic

education and vocational training and 21 percent for administration (see fig. 4).

Figure 4: Spending on Program Activities at the Six Centers



Note: "Other" includes cash payments to students, outreach and placement costs, and child care expenses.

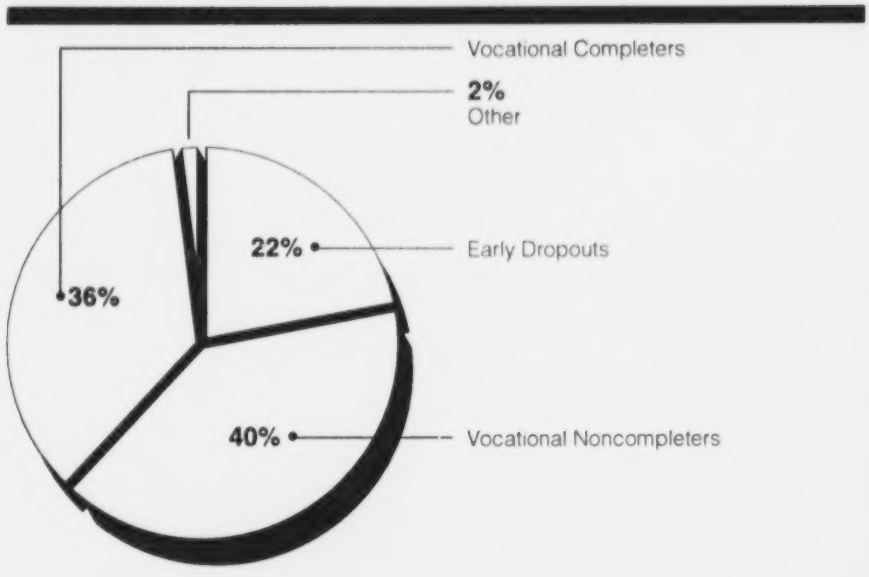
Source: Job Corps centers' data.

The One-Third Who Complete Vocational Training Have Better Outcomes

While Job Corps reported nationally that in program year 1993 about 59 percent of the 63,000 students who left the program obtained jobs,[10] only 36 percent of Job Corps students complete their vocational training (see fig. 5). At the six centers we visited, we found that almost half the jobs obtained by students were low-skill jobs not related to the training provided. However, the students who completed vocational training at these centers were 5 times more likely to obtain a training-related job at wages 25 percent higher than students who did not complete their training. Yet, about 40 percent of program funds at the six centers was spent on students who did not complete vocational training.

[10]Another 11 percent were enrolled in further education programs.

Figure 5: Most Job Corps Students Leave Without Completing Vocational Training



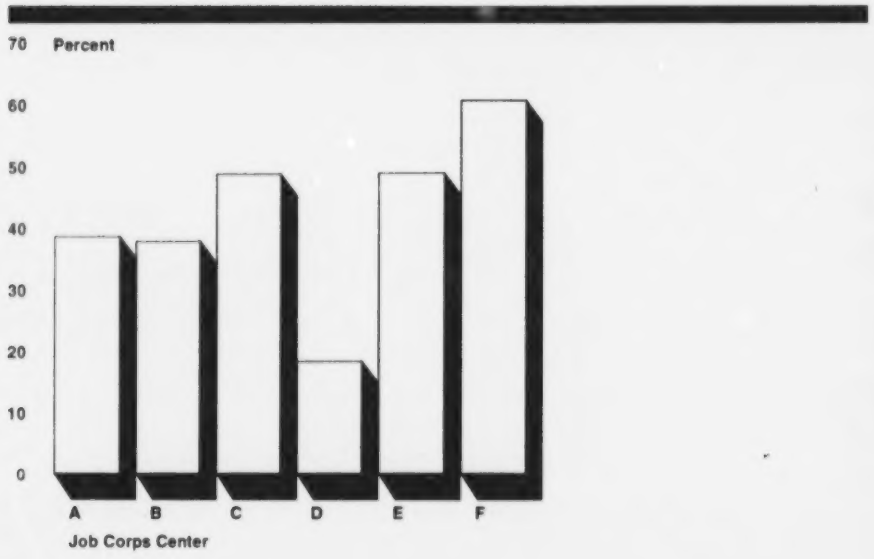
Note: "Other" includes those students who were in the program for at least 60 days but never entered a vocational training program.

Source: Job Corps data.

Using program year 1993 results, five of the six centers we visited would not have met Labor's current standard for measuring vocational completion—56 percent of vocational enrollees in the program for at least 60 days should complete their vocational training. At the 6 centers we visited, we analyzed the outcomes for the 2,449 students who had been enrolled in Job Corps for at least 60 days and who also had entered a vocational training program[11] and found that about 44 percent of the students completed their vocational training. As shown in figure 6, the proportion of these students who completed vocational training programs ranged from about 18 percent at one center to about 61 percent at another—overall, about 30 percent completed vocational training.

[11]At the six centers we visited, about 27 percent of program year 1993 terminees dropped out of Job Corps before they had completed 60 days, and another 3 percent remained in the program for 60 days or longer but never entered vocational training.

Figure 6: Proportion of Students Completing Their Vocational Training



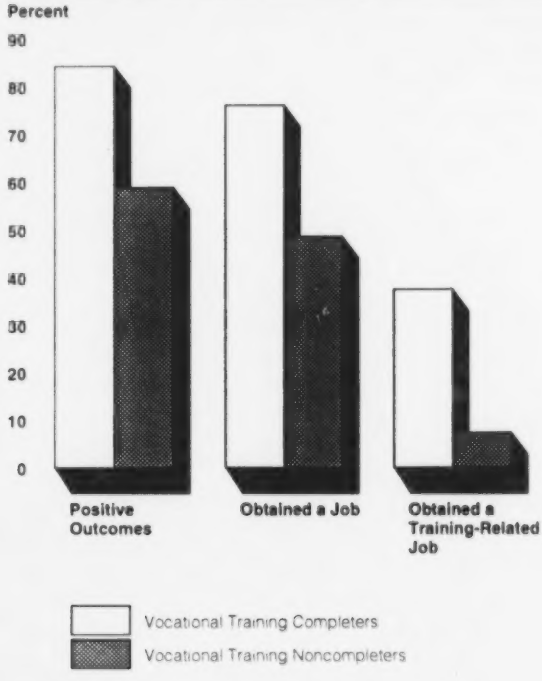
Source: Job Corps centers' data.

Overall, students who completed vocational training were 50 percent more likely to obtain a job than those students who did not complete it (76 percent versus 49 percent, respectively). Furthermore, we found that those students who completed their vocational training were more likely to get a training related job than those who did not complete it.[12] Comparing the types of jobs obtained by students who did and did not complete their vocational training, we found that students who had completed their training were five times more likely to obtain a job that was training related. At the six centers we visited, about 37 percent of the students who had completed vocational training obtained training-related jobs (see fig. 7). In contrast, only 7 percent of those students who did not complete their training obtained training-related jobs. For example, training-related jobs for students who received health care training included nurses' assistant, physical therapy aide, and home health aide; for those who received training in the skilled construction trades, training-related jobs included painter, carpenter, and electrician. Overall, about 14 percent of all program year 1993 terminees at the six centers

[12]For each student who obtained a job at the six centers, we used the Dictionary of Occupational Titles and other available information to compare the training received with the job obtained.

received training-related jobs (this consisted of 11.4 percent vocational completers and 2.8 percent noncompleters).

Figure 7: Program Outcomes at the Six Job Corps Centers



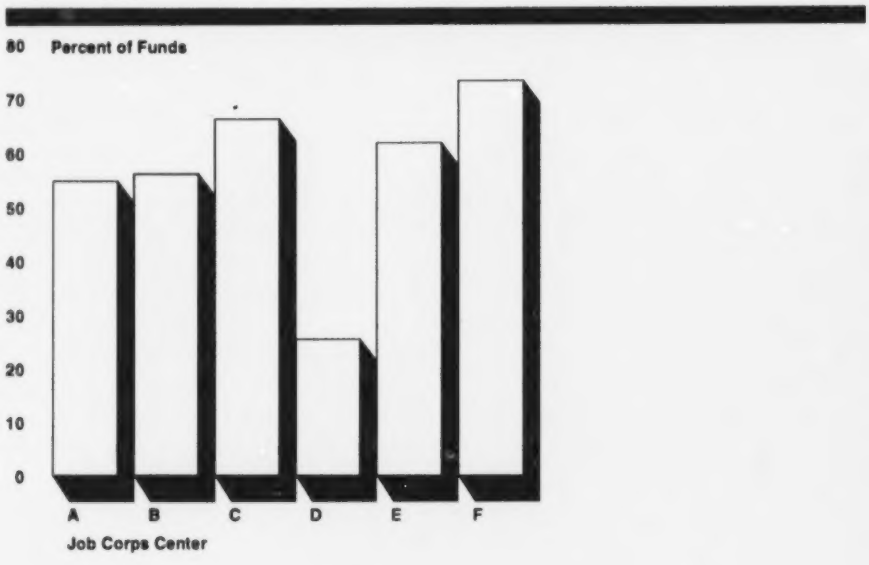
Note: Positive outcomes include obtaining a job, entering or returning to school, or entering the military for those in the program for 60 or more days.

Source: Job Corps centers' data.

Furthermore, we found that the average wage paid to the students who obtained these training-related jobs was 25 percent higher than the average wage paid to students who did not obtain training-related jobs—$6.60 versus $5.28 per hour. About two-thirds of the jobs obtained by students who did not complete their training were in low-skill positions such as fast food worker, cashier, laborer, assembler, and janitor.

In order to get a better picture of how much the program spends in relation to the outcomes attained, we analyzed program costs with respect to the amount of time that students spent in the program at the six centers. We determined that the average cost per student day was $65—ranging from $51 per day at one center to $119 at another center. We used this computation to calculate the cost of various program outcomes at the six centers. At these centers, vocational completers, on average, remained in the program longer than those who did not complete training (400 days versus 119 days, respectively). As a result, these centers spent considerably more on vocational completers. For example, the cost per student who completed vocational training, on average, was $26,219 compared with $7,803 for students who did not complete vocational training. Yet, because less than a third of the students completed vocational training, a large proportion of the centers' program funds—approximately 40 percent, or about $19 million—was spent on students who did not complete the training. As shown in figure 8, most centers spent at least 50 percent on students who completed their vocational training. However, one center spent only about 25 percent of its funds on students who completed their vocational training. Nationally, about 66 percent was spent on students who completed vocational training.

Figure 8: Proportion of Funds Spent on Students Completing Their Vocational Training at the Six Centers



Source: Job Corps centers' data.

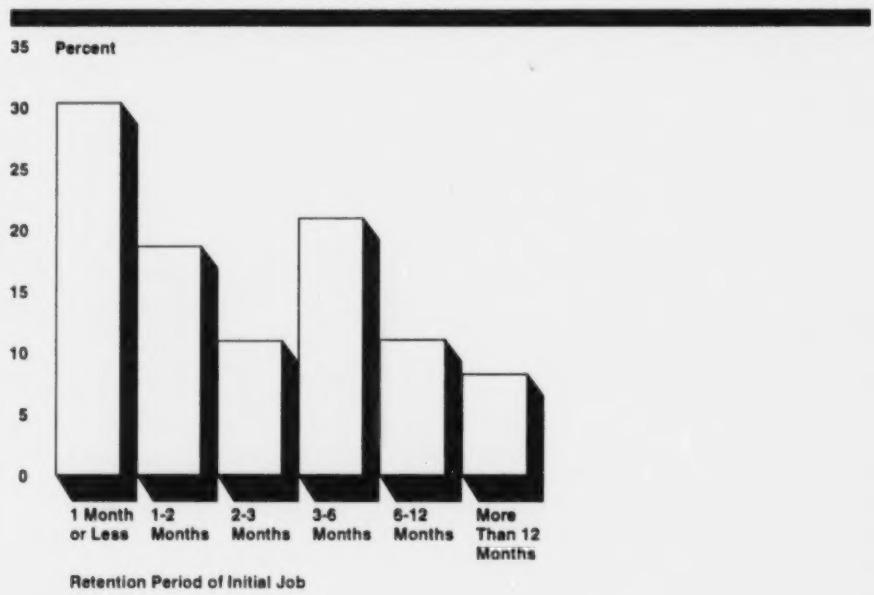
Employers Satisfied With Job Corps Students

On the basis of our survey of employers of a random sample of Job Corps students from the six centers, we found that employers were generally satisfied with the basic work habits and technical preparation of the Job Corps students they employed. Although students did not remain with these employers for very long (about one-half worked 2 months or less), the majority of employers said they would hire them again.

Because neither Labor nor the Job Corps centers had information on student job retention, we contacted the employers of a random sample of 413 students who obtained jobs. Our survey of employers was intended to validate reported placement data, determine job retention periods, and gauge employer satisfaction with students' basic work habits and specific technical skills provided by the Job Corps program (see app. II for a detailed description of our methodology). Of the employers who responded, 79 percent rated the Job Corps students' basic work habits average to excellent. In addition, for those employers reporting that the job matched the training, 85 percent believed the students were at least moderately prepared to handle the technical requirements of the job.

Students who obtained jobs upon leaving Job Corps tended not to remain with those employers for very long. Of those students for which we obtained employment information, about 88 percent were no longer working with their initial employer.[13] As shown in figure 9, approximately 30 percent of the students who were no longer employed in their initial job worked less than a month, while about 20 percent worked 6 months or longer. According to the employers, the predominant reasons students were no longer employed were that they quit (45 percent), were fired (22 percent), or were laid off (13 percent).

Figure 9: Retention Period for Job Placements for Sample of Students From Six Centers Visited



Source: Job Corps centers' data.

Reported Job Placements Inaccurate

Our employer survey gave us information that raises concerns about the validity of Job Corps-reported job placement statistics. We tried to contact employers for 413 students who Labor reported as having been hired. In 34 instances, employers reported they had no record of having hired the student. Another 2 employers stated they had hired a student, but the student never reported for work. Furthermore, another seven students

[13]Because we interviewed employers and not students, we do not know what happened to the students after they left their initial job.

were not employed, but were placed with an employment agency or enrolled in JTPA training. Thus, about 10 percent of the reported job placements appeared to be invalid.

We were also unable to find the employer of record for almost 10 percent of our sample of students (an additional 39 students) using both the telephone number listed in Labor's records and directory assistance. According to Labor, placement contractors verify 100 percent of the job placements, and Labor regional offices re-verify a sample of at least 50 percent of reported job placements.[14]

We provided Labor, at its request, detailed information on the 34 students that employers reported they had no record of hiring and the 39 whose employers we were unable to locate. Labor responded that, in the short time it had available, it was able to verify employment for 44 of these 73 students. However, our review of Labor's documentation showed that it provided additional evidence to support only 18 placements (12 of the 34 and 6 of the 39). For many of the remaining placements, Labor merely provided the original documents that were on file when we initially attempted to verify employment. In other instances, the data differed from the original documents with respect to the employer and employment dates of record, or verification was made by the student or a relative and not an employer. Thus, we continue to question 15 percent of the placements included in our sample.[15]

Questionable Basis for National Contracts

A substantial part of Job Corps' vocational training is provided by national contractors on a sole source basis. Our work directed at this long-standing practice raises questions about whether the program and its students are benefiting from this arrangement. On the basis of our review of Labor data, it is uncertain whether the results achieved by the national contractors are much better than those achieved by other Job Corps training providers.

Labor has been awarding sole source contracts to nine national unions and one building industry association for over a decade—15 years for one contractor and over 25 years for several others. Its justification for making sole source awards, rather than using full and open competition, is based

[14]As of July 1, 1995, Labor's regional office verification will be replaced by a follow-up survey of job placements to determine employment status 13 weeks after students leave the program.

[15]The six centers reported that about 61 percent of the 2,449 students who were in the program for at least 60 days obtained jobs. However, on the basis of the results of our employer survey, a more accurate job placement rate for these students would be 52 percent.

on three broad factors: (1) the contractor's past relationship with Job Corps, that is, experience with Labor's Employment and Training Administration in general and Job Corps specifically, and its thorough knowledge of Job Corps procedures and operation; (2) the contractor's organizational structure, that is, a large nationwide membership related to a trade, and its strong relationship with national and local apprenticeship programs; and (3) the contractor's instructional capability, that is, qualified and experienced instructors; ability to provide training specifically developed for the learning level of Job Corps students; and the ability to provide recognition of training as credit toward meeting the requirements of a journeyman. National contractor expenditures during program year 1993 totaled $41 million, about one-third of Job Corps' overall expenditures for vocational training. (See app. IV for a listing of the national contractors, contract awards, and the year of their initial award from Labor.)

While Labor officials stated that a primary justification for awarding sole source national contracts is that the contractors' maintain an extensive nationwide placement network, it is unclear whether the national contractors are any more successful in placing Job Corps students in jobs than are other training providers. According to Labor officials, because these organizations are national in scope, they can identify job openings, regardless of geographic location, and place Job Corps students in the positions. Thus, they are not constrained by the local job market in seeking jobs for their students. However, Labor's data show that, programwide, very few of the job placements for those trained by national training contractors in program year 1993 were attributed to the national contractors. According to Labor data, the largest number of job placements (48 percent) were made by "self, family, or friend," whereas only 3 percent were made by national contractors.

The percentage of job placements by national contractors at the six centers we visited was even smaller. Labor data show that less than 1 percent of the placements were made by these contractors. Labor officials acknowledged that the data in their system do not accurately reflect the extent to which national contractors place students because their system was not designed to capture this information. On the other hand, they could not tell us how many placements, in fact, were made by the contractors. Thus, it is unclear whether Job Corps benefits, as contended by Labor officials, from the national contractors' nationwide placement network.

Another reason Labor used in justifying national sole source contracts is that the union contractors are considered to be an effective means for getting Job Corps students into apprenticeship programs. Labor data show that 12 percent of the students in program year 1993, who went through national contractor-provided vocational training courses for at least 90 days were placed in apprenticeship programs. However, we have no basis to determine whether this is acceptable, because Labor does not specify a target level for entry into apprenticeships.

Using Labor's national data, we found only moderate differences in the performance of the national contractors as compared with other Job Corps training providers. In program year 1993, the national contractors had a programwide job placement rate of 59 percent compared with 54 percent for other Job Corps training providers, and a training-related job match of 44 percent compared with 36 percent for others. Comparisons at the six centers we visited were similar, with a job placement rate of 64 percent for national contractors compared with 59 percent for other Job Corps training providers, although the training-related job match was higher—42 percent compared with 30 percent.

The national contractors account for about one-third of Job Corps' vocational training expenditures and the training they provide is primarily in a declining occupational category—the construction trades—which represents about 4 percent of the job market. About 84 percent of national contractor training is in construction-related occupations. Similarly, Job Corps in general emphasizes training in the construction trades. Nationally, about one-third of the program year 1993 terminees were enrolled in construction-related training. Similarly, at five of the six centers we visited, about one-third of the terminees, collectively, were trained in one of the construction trades. These trades encompass a number of occupations, including carpenter, cement mason, and bricklayer. Our analysis of Bureau of Labor Statistics data shows that over the past 8 years (1986-1993) the proportion of construction-related jobs in the labor market has declined by almost 10 percent.

Conclusions

While Job Corps provides extensive services to a severely disadvantaged population—a program design that inherently leads to high costs—our evaluation has surfaced several issues that we believe merit further investigation. We noted that completing vocational training appears to be very important to achieving a successful program outcome, yet only a little

over one-third of the students complete their vocational courses. As a result, a substantial portion of Job Corps' funds (40 percent at the six sites we visited) is being spent on noncompleters. Turnover is high among students in their initial job following Job Corps training. The overall implication of this is unknown; are students moving to other, and perhaps better, jobs, or are they becoming unemployed? We also have serious concerns about the validity of reported job placements. These statistics may be overstated by 9 percentage points at the six centers where we conducted our site work. We will continue to pursue these issues.

Our work raises questions about Labor's use of national training contractors to provide a substantial portion of its vocational training. A primary justification for using national contractors is that they are better able to place students in jobs through their nationwide placement network. However, according to Labor data, nearly half of all job placements were found by the student, family, or friends. The use of national contractors may have been prudent in the past, but times have changed. The shifting composition of the labor market, particularly the decline in the construction trades; the high proportion of vocational training funds allocated to national contractor training; and Labor's lack of information to support its justification for these national contracts, raises questions about whether this is the most cost-effective approach to vocational training.

Recommendation to the Secretary of Labor

To ensure that Job Corps vocational training programs are provided in the most efficient and effective manner, we recommend that Labor revisit whether the continued use of national training contractors is cost effective.

Agency Comments

In comments on a draft of this report, Labor expressed concerns about certain aspects of our report. In response to our recommendation on the use of national contractors, Labor agreed to review the practice of contracting with national training providers on a sole source basis. The following summarizes its concerns and provides our response. (Labor's comments are printed in app. V.)

Labor pointed out a number of items in our report that it believes should be modified or clarified, and we have done so where appropriate. Specifically, we have modified our characterization of program growth over the years, included information on a new study of Job Corps' net

impact, revised the percentage of vocational completers nationwide, and revised our presentation of Job Corps student job retention. In addition, we have made a number of other technical changes to our report to respond to Labor's comments.

Labor expressed concern that we did not recognize other program outcomes, such as general equivalency diploma (GED) attainment, and based our conclusions only on vocational completion and job placement. GED attainment and gains in reading and math skills are quantifiable program outcomes experienced by many Job Corps students. In our view, these outcomes are a means to an end—that is, providing students with the basic educational skills needed in the world of work—and not an end in and of themselves. These other measures are an adjunct to the principal measures of vocational completion and job placement. In fact, Labor's own literature—Job Corps in Brief, Program Year 1993[16]—states that "Employment and enrollment in full-time education or training are the only positive outcomes recognized by Job Corps in its performance measurement systems."

Labor agreed that, as our report states, Job Corps is more costly than other JTPA programs because of its residential nature and the severely disadvantaged population targeted by the program. However, Job Corps suggested a number of alternative cost-effectiveness comparisons, such as comparing Job Corps with community colleges. Our purpose in making the cost comparison with the JTPA title II-C program was to provide context for Job Corps' high cost, not to show cost effectiveness. Therefore, we believe, and Labor agrees, that using JTPA title II-C for cost comparison purposes is relevant. As for comparing Job Corps' completion rates and cost effectiveness with other institutions like community colleges, this was not the purpose of our report, and we would need to do additional work to try to make a relevant comparison. We do not believe that Labor has justified the relevance of the comparisons made in its comments because the populations served and institutions' purposes are vastly different from the Job Corps.'

Labor also stated that our cost data, which showed that 40 percent of expenditures at the six centers we visited was spent on noncompleters, was not representative of Job Corps as a whole. In developing our data, we computed an average cost per student day using the centers' program year 1993 total costs and total number of paid days for all students. We applied this in turn to the total student days spent in the program by completers

[16]Department of Labor, 1994.

and noncompleters. We believe that our methodology results in a fair allocation of costs to these student categories. While acknowledging that our computations may be true for the six centers, Labor claims that the national average expenditures for noncompleters was 34 percent in program year 1993. Nonetheless, we believe that a substantial amount of program resources is being spent on students who fail to complete their vocational training programs. Using Labor's estimate, Job Corps spent about $328 million on noncompleters in program year 1993.

Labor also took issue with our finding that Job Corps' reported job placement information is often inaccurate. Using information on questionable job placements from our telephone survey, Labor undertook an effort to verify these placements. Our examination of the documentation Labor used to support its verifications shows that many of these placements remain questionable. Of the 73 questionable placements on which we provided information to Labor, it was able to provide additional evidence supporting 18 placements. We continue to question the remaining placements because Labor provided no additional information beyond that which was on file at the time of our initial verification attempts. In all, we continue to question 15 percent of the placements included in our sample.

Labor also raised concerns that we used inappropriate data in concluding that the use of national training contractors to provide vocational training raises questions about whether this is a cost-effective approach. Labor states that the 3-percent placement rate we cite is based on data not designed for this purpose. Our report acknowledges Labor's assertion that the data do not accurately reflect the extent to which national contractors place students. However, of greater importance is Labor's acknowledgement that it does not know how many placements were made by the contractors, a primary justification for the continuation of 25 years of sole source contracts. As a result, Labor is paying a substantial portion of its vocational training funds to national contractors but is unable to assess how effective they are in placing students in jobs. Therefore, we believe that our conclusion and related recommendation remain valid. In addition, Labor has agreed to review its practice of contracting with the national training providers on a sole source basis.

Labor also took exception with our discussion of the Job Corps program's emphasis on training in the construction trades. While acknowledging that the construction trades have declined as a proportion of the total job market, Labor stated that they have increased in the total number of jobs,

about 80,000 jobs over the 8-year period 1986-93. Labor also pointed out advantages associated with employment in the construction trades and that it may be the most appropriate training for many students. We do not disagree with Labor's assertion that training in the construction trades may be beneficial for some students. Nonetheless, we believe that a valid question remains about whether it is appropriate for Job Corps to spend over one-third of its vocational training funds on an occupational category that makes up about 4 percent of the labor market.

We are sending copies of this report to the Secretary of Labor; the Director, Office of Management and Budget; relevant congressional committees; and other interested parties.

If you or your staff have any questions concerning this report, please call Sigurd R. Nilsen at (202) 512-7003 or Wayne J. Sylvia at (617) 565-7492. Other major contributors include Thomas N. Medvetz, Dianne Murphy, Jeremiah F. Donoghue, Betty S. Clark, and Marquita Harris.

Sincerely yours,

Linda G. Morra

Linda G. Morra
Director, Education and
Employment Issues

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Abbreviations

CCC	civilian conservation center
GED	general equivalency diploma
JTPA	Job Training Partnership Act
SPAMIS	Student Pay, Allotment and Management Information System
SPIR	Standardized Program Information Report

Scope and Methodology

We designed our study to collect information on the characteristics of Job Corps students, the services they were provided, and the outcomes they achieved, including employers' satisfaction with the students hired. We also obtained information on program year 1993 expenditures and the use of national contractors to provide vocational training. In doing our work, we interviewed Job Corps officials at the national and regional levels and conducted site visits at six judgmentally selected Job Corps facilities.

We augmented the information collected during the site visits with data from Labor's Student Pay, Allotment and Management Information System (SPAMIS), a database containing nationwide Job Corps data on all program year 1993 terminees. We also obtained selected data on participants aged 16 to 24 included in Labor's Standardized Program Information Report (SPIR), a database containing information on program year 1993 JTPA terminees from titles II-A and II-C (programs for economically disadvantaged adults and youth, respectively). This additional data allowed us to compare, nationwide, the characteristics of terminees from Job Corps and JTPA.

We also administered a telephone survey to employers of a random sample of Job Corps students who obtained jobs within 6 months after leaving the program. The methodology employed in this survey is discussed in greater detail in appendix II.

Site Visits

We conducted site visits at six Job Corps centers during the period December 1994 through April 1995. We selected the sites judgmentally to provide a mixture of Job Corps centers that were (1) located in different Job Corps regions (to provide geographic dispersion); (2) rated among high and low performers according to the Job Corps ranking of performance indicators; (3) operated as civilian conservation centers (CCC) and contractor-operated centers; and (4) operated by different center contractors. Table I.1 lists the centers visited and the characteristics of each.

Table I.1: Job Corps Centers Selected for Site Visits

Center	Location/ region	Rank[a] (out of 109)	Student capacity	1993 center operating costs	Contractor/ CCC
Great Onyx Civilian Conservation Center	Mammoth Cave, KY/ Region 4	107	214	$4,035,113	CCC—Dept. of Interior, National Park Service
Guthrie Job Corps Center	Guthrie, OK/ Region 6	92	630	8,137,074	Contractor—Wackenhut Educational Services, Inc.
San Jose Job Corps Center	San Jose, CA/ Region 9	4	440	8,369,266	Contractor—Career Systems Development Corp.
Westover Job Corps Center	Chicopee, MA/ Region 1	62	555	10,351,200	Contractor—EC Corp.
Wolf Creek Civilian Conservation Center	Glide, OR/ Region 10	17	231	5,020,105	CCC—Dept. of Agriculture, Forest Service
Woodland Job Corps Center	Laurel, MD/ Region 3	18	300	5,761,553	Contractor—Adams and Associates

[a]Labor ranking for the 4-month period ending October 31, 1994.

During these site visits, we interviewed center directors on various aspects of center operations, toured the facilities, and reviewed center records. Using the Dictionary of Occupational Titles and other guidance, we analyzed the jobs students obtained relative to the training received to determine whether these jobs were training related. We also compiled detailed cost information using individual center financial records to determine the true nature of expenditures—how much was being spent for administration, basic education and vocational training, social skills instruction, residential living, and other support services.

National and Regional Job Corps Offices

We interviewed Labor officials at both the national and regional offices to obtain an overview of Job Corps operations and budgeting procedures, including how funds are tracked at the national level; reporting requirements for each level of oversight; and methods used for cost allocations. We also collected information on the contracting process, including information on the national training contracts; contracts for

center operators; and, to some extent, those awarded for outreach, screening, and placement services.

Data Analysis

We analyzed Labor data to determine whether Job Corps was serving severely disadvantaged youth—its intended population. We used individual-level data and performed univariate and cross-tabulation descriptive procedures to compare selected characteristics of about 63,000 Job Corps terminees with those of about 172,000 JTPA out-of-school terminees aged 16 to 24 from titles II-A and II-C for program year 1993. Using SPAMIS and SPIR databases, we compared those characteristics considered to be barriers to employment that were commonly defined and uniformly collected by both Job Corps and JTPA. These characteristics included (1) being a school dropout, (2) having basic skills deficiencies (that is, reading or math skills below eighth grade), (3) receiving public assistance, and (4) having limited English proficiency.

GAO's Employer Survey

To provide information on employers' perceptions about the training provided by the six Job Corps Centers we visited, we surveyed by telephone the employers of a random sample of students from each of these six centers. Sampled students are representative of the population of students at these six centers who had terminated from the program during program year 1993 with at least 60 paid days at the center, and who obtained employment within 6 months after leaving the program. The final sample contained 413 cases representing a population of 1,524 students.

To identify this population, we used data files provided to us by the six centers. We verified and, where appropriate, augmented the data with SPAMIS data files from the Department of Labor. Using the telephone numbers provided in the data files, we telephoned the employers of the sampled students during the month of May 1995. We asked employers about students' job tenure and about their satisfaction with students' work habits and specific technical skills.

We directed the survey to those officials most knowledgeable about employment histories and placement information. Our analyses are based on responses from employers of 92 percent of the sampled students. Findings from the survey were statistically adjusted (weighted) to produce estimates that are representative for each of the six sites and for the six sites combined. All data are self-reported, and we did not independently verify their accuracy.

Sampling Strategy

We used the data provided by the six centers and augmented it, as necessary, with the SPAMIS database to develop a data file. The file contained all required information for each member of our target population—Job Corps program terminees from program year 1993 who had been in Job Corps for at least 60 paid days and who had received jobs within 6 months of leaving the program. Using the Statistical Package for the Social Sciences sampling routine, we selected a simple random sample for each site. The population for the 6 sites ranged from 96 to 425 students, for a total of 1,524. The sample for the 6 sites ranged from 49 to 81 students, for a total of 413. Table II.1 contains population and sample sizes by site.

Table II.1: Population and Sample Sizes by Site

Site	Population size	Sample size
Guthrie	425	81
Westover	311	76
Wolf Creek	197	67
San Jose	318	76
Woodland	177	64
Great Onyx	96	49
Total	**1,524**	**413**

Survey Instrument

During our survey, we asked employers to verify placement information, including job titles and hiring dates; provide corrected information, when appropriate; and provide job tenure information. We also asked employers to assess students' work habits, technical skills, and whether the observed length of stay was average for that job. Interviewers used an electronic form of the survey, prepared using Questionnaire Programming Language, and entered the data directly into a computer file. Interviewer files were collated and processed on a site-by-site basis, base weights and nonresponse weights were calculated and attached to the file, the data from the six sites were merged, and all identifying data were removed. The responses contained in this report represent combined weighted responses for all six sites.

Survey Response

We telephoned the employers of the 413 originally sampled students during the month of May 1995. Of the 413 students in the original sample, 55 were found to be ineligible for our survey. We considered a student ineligible if his or her employer's phone number was incorrect or disconnected and we could not obtain a new one, or if the employer did not have records available to verify the student's employment. Subtracting these ineligible students from our original sample yielded an adjusted sample of 358 students.

At least three attempts were made to contact the employer of each of the 358 students. After repeated calls, we were unable to reach and/or interview the employers of 28 of these students. These 28 cases were classified as nonrespondents. We were able to reach and complete interviews with the employers of the other 330 sampled, eligible students. Dividing the number of students with whom we completed interviews by the adjusted sample yields a response rate of 92 percent.

The survey questions about employer satisfaction with students proved to be very sensitive. In about 46 percent of the 330 interviews, employers declined to answer these particular questions about the students because of company policies or concerns about protecting the privacy of the student or the employer.

Sampling Errors

All sample surveys are subject to sampling error, that is, the extent to which the results differ from what would be obtained if the whole population had been administered the questionnaire. Since the whole population does not receive the questionnaire in a sample survey, the true size of the sampling error cannot be known. However, it can be estimated from the responses to the survey. The estimate of sampling error depends largely on the number of respondents and the amount of variability in the data.

For this report, site-level estimates are not provided, and therefore sampling errors at the site level were not calculated. For the estimates for the six centers combined, the sampling error ranges between +/- 3 and +/- 9 percentage points at the 95-percent confidence level.

Nonsampling Errors

In addition to sampling errors, surveys are also subject to other types of systematic error or bias that can affect results. This is especially true when respondents are asked to answer questions of a sensitive nature or to provide factual information that is inherently subject to error. Lack of understanding of the questions can also result in systematic error. Bias can affect both response rates and the way that respondents answer particular questions. It is not possible to assess the magnitude of the effect of biases, if any, on the results of a survey. Rather, possibilities of bias can only be identified and accounted for when interpreting results. This survey had two major possible sources of bias: (1) sensitivity of certain issues and questions and (2) bias associated with all telephone surveys due to inability to reach the sampling target.

The employer ratings of employees' workplace behaviors requested by our survey are sensitive to several factors. For example, the particular rating provided by an employer may have been influenced by his/her ability to recall the specific habits and abilities of a particular individual in response to our questions. It also may have been affected by his/her overall like or dislike of the individual irrespective of the particular behaviors in question.

Furthermore, some employers declined to provide any information about satisfaction with employees' performance and technical skills. This reluctance may have had any number of unknown causes, including an unwillingness to report poor performance or an internal policy prohibiting the disclosure of any performance information.

A second kind of bias may result from our inability to reach every sampled employer because of their inaccessibility by telephone. Certain types of businesses could not be reached because of various problems including the presence of answering machines or the inaccuracy of information contained in the data files. To the extent that businesses using answering machines are different than those that do not, there could be bias in the type of employer we were able to reach. Additionally, while we made every attempt to ascertain correct information, in some cases we were unable to do so. To the extent that errors in the data file provided by Job Corps are not random, bias of an unknown direction or magnitude could be present in the nature of the responses we received.

Job Corps Centers, by Department of Labor Region

Center	Location	Capacity (no. of students)	1993 center operating costs
Labor Region 1			
Connecticut	New Haven, CT	200	None in program year 1993[a]
Grafton	North Grafton, MA	300	$5,878,575
Northlands	Vergennes, VT	280	5,317,520
Penobscot	Bangor, ME	335	5,538,357
Westover	Chicopee, MA	555	10,351,200
Labor Region 2			
Arecibo	Garrochales, PR	200	2,444,710
Barranquitas	Barranquitas, PR	200	2,448,890
Cassadaga	Cassadaga, NY	240	4,494,029
Delaware Valley	Calicoon, NY	400	6,551,680
Edison	Edison, NJ	530	10,458,982
Gateway	Brooklyn, NY	224	4,855,173
Glenmont	Glenmont, NY	340	5,961,516
Iroquois	Medina, NY	240	3,146,621
Oneonta	Oneonta, NY	370	7,185,715
Ramey	Ramey, PR	335	3,886,715
South Bronx	Bronx, NY	250	4,994,719
Labor Region 3			
Blue Ridge	Marion, VA	200	3,234,731
Charleston	Charleston, WV	430	7,454,286
Flatwoods	Coeburn, VA	224	4,533,948
Harpers Ferry	Harpers Ferry, WV	210	4,168,946
Keystone	Drums, PA	700	12,029,134
Old Dominion	Monroe, VA	350	6,487,000
Philadelphia	Philadelphia, PA	225	2,991,100
Pittsburgh	Pittsburgh, PA	700	10,078,168
Potomac	Washington, DC	490	11,071,835
Red Rock	Lopez, PA	318	6,187,535
Woodland	Laurel, MD	300	5,761,553
Woodstock	Randallstown, MD	505	9,715,920
Labor Region 4			
Atlanta	Atlanta, GA	515	8,316,401
Bamberg	Bamberg, SC	220	3,878,828
Batesville	Batesville, MS	300	5,402,274
Brunswick	Brunswick, GA	400	6,753,099

(continued)

Center	Location	Capacity (no. of students)	1993 center operating costs
Earle C. Clements	Morganfield, KY	2,234	31,117,772
Frenchburg	Mariba, KY	168	3,443,618
Gadsden	Gadsden, AL	286	4,225,774
Gainesville	Gainesville, FL	350	6,137,251
Great Onyx	Mammoth Cave, KY	214	4,035,113
Gulfport	Gulfport, MS	280	4,292,821
Jacksonville	Jacksonville, FL	250	4,372,323
Jacobs Creek	Bristol, TN	224	5,533,056
Lyndon B. Johnson	Franklin, NC	205	3,919,404
Kittrell	Kittrell, NC	350	5,715,127
Knoxville	Knoxville, TN	378	5,506,012
Miami	Miami, FL	300	3,759,092
Mississippi	Crystal Springs, MS	405	5,914,168
Oconaluftee	Cherokee, NC	210	3,439,312
Carl C. Perkins	Prestonsburg, KY	245	3,799,539
Pine Knot	Pine Knot, KY	224	4,115,302
Schenck	Pisgah Forest, NC	224	4,191,612
Turner	Albany, GA	1,030	16,067,348
Tuskegee	Tuskegee Institute, AL	240	3,951,455
Whitney Young	Simpsonville, KY	400	4,602,027
Labor Region 5			
Atterbury/ Independence	Endinburg, IN	750	11,661,160
Blackwell	Laona, WI	205	4,162,487
Cincinnati	Cincinnati, OH	225	4,739,297
Cleveland	Cleveland, OH	470	8,692,576
Dayton, OH	Dayton, OH	300	5,388,925
Detroit, MI	Detroit, MI	275	4,498,397
Golconda	Golconda, IL	230	4,767,518
Grand Rapids	Grand Rapids, MI	360	6,225,487
Hubert H. Humphrey	St. Paul, MN	290	5,314,081
Joliet	Joliet, IL	360	6,332,053
Labor Region 6			
Albuquerque	Albuquerque, NM	415	5,711,572
D. L. Carrasco	El Paso, TX	415	5,976,726
Cass	Ozark, AR	224	3,915,388
Gary	San Marcos, TX	2,200	30,705,260
Guthrie	Guthrie, OK	630	8,137,074

(continued)

Center	Location	Capacity (no. of students)	1993 center operating costs
Laredo	Laredo, TX	251	3,096,931
Little Rock	Little Rock, AR	200	3,569,860
McKinney	McKinney, TX	650	9,284,753
New Orleans	New Orleans, LA	290	2,608,022
Ouachita	Royal, AR	187	3,684,104
Roswell	Roswell, NM	225	4,325,266
Shreveport	Shreveport, LA	350	5,139,171
Talking Leaves	Tahlequah, OK	250	4,089,941
Treasure Lake	Indiahoma, OK	236	3,657,108
Tulsa	Tulsa, OK	300	5,017,272
Labor Region 7			
Denison	Denison, IA	300	5,737,025
Excelsior Springs	Excelsior Springs, MO	495	9,683,053
Mingo	Puxico, MO	224	4,095,359
Pine Ridge	Chadron, NB	224	4,401,219
St. Louis	St. Louis, MO	604	11,225,637
Flint Hills	Manhattan, KS	250	4,649,908
Labor Region 8			
Anaconda	Anaconda, MT	224	4,666,551
Boxelder	Nemo, SD	208	4,061,719
Clearfield	Clearfield, UT	1,320	24,738,524
Quentin Burdick	Minot, ND	250	71,131[b]
Collbran	Collbran, CO	200	3,762,499
Kicking Horse	Ronan, MT	224	3,609,301
Trapper Creek	Darby, MT	224	4,155,049
Weber Basin	Ogden, UT	224	3,847,838
Labor Region 9			
Hawaii	Honolulu, HI	352	7,352,534
Inland Empire	San Bernardino, CA	310	6,599,755
Los Angeles	Los Angeles, CA	735	13,204,607
Phoenix	Phoenix, AZ	415	6,466,877
Sacramento	Sacramento, CA	412	7,581,920
San Diego	Imperial Beach, CA	650	11,359,422
San Jose	San Jose, CA	440	8,369,266
Sierra Nevada	Reno, NV	600	12,278,161
Treasure Island	San Francisco, CA	120	2,218,078
Fred G. Acosta	Tucson, AZ	270	4,957,787

(continued)

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Center	Location	Capacity (no. of students)	1993 center operating costs
Labor Region 10			
Alaska	Palmer, AK	250	3,172,897
Angell	Yachats, OR	216	4,244,143
Cascades	Sedro Woolley, WA	327	7,001,311
Columbia Basin	Moses Lake, WA	250	4,255,623
Curlew	Wauconda, WA	198	4,285,921
Fort Simcoe	White Swan, WA	224	4,665,485
Marsing	Marsing, ID	210	3,668,870
Springdale/ Tongue Point/PIVOT	Troutdale, Astoria, Portland, OR	725	11,557,880
Timber Lake	Estacada, OR	234	4,816,403
Wolf Creek	Glide, OR	231	5,020,105

[a]Center established in 1993.

[b]A newly established center, in operation for only 6 weeks in program year 1993.

National Training Contractors

Contractor	Award[a] (millions)	Year of initial award
AFL/CIO Appalachian Council	$ 3.3	1974
Home Builders Institute	13.2	1974
International Brotherhood of Painters and Allied Trades	3.6	1969
International Masonry Institute	2.7	1971
International Union of Operating Engineers	2.1	1966
National Maritime Union of America	2.7	1979
National Plasterers and Cement Masons International Association	4.5	1970
Transportation-Communication International Union	3.9	1972
United Brotherhood of Carpenters and Joiners of America	4.9	1968
United Auto Workers	2.1	1978
Total	**$43.0**	

[a]Award amount is for the last annual contract period.

Comments From the Department of Labor

U.S. Department of Labor

Assistant Secretary for
Employment and Training
Washington, D.C. 20210

JUN 14 1995

Linda G. Morra
Director
Education and Employment Issues
U.S. General Accounting Office
Washington, D.C. 20548

Dear Ms. Morra:

The Department of Labor's comments on the draft of your report to the Chairman, Senate Committee on Labor and Human Resources which is entitled "Job Corps: High Costs and Mixed Results Raise Questions About Program's Effectiveness" are enclosed.

We agree that the GAO has focused on important and appropriate areas in assessing the Job Corps program. However, we are extremely concerned that omissions of critical information together with inaccuracies in data cited and misinterpretation of some data may lead the reader to draw faulty conclusions.

Our comments address the need to correct data in a number of areas including:

- the vocational completion rate in Program Year 93 was 36% rather than 30% (now 42% in PY 94)
- cost data for both Job Corps and JTPA Title IIC
- the exclusion of students still employed in the calculation of average job duration

We highlight the omission of critical information, particularly the exclusion of data on positive program outcomes other than vocational completion and job placement -- educational gains, GED's and placement in further education -- which are directly addressed by the authorizing legislation.

We point out misuse of data such as the data used to attribute placements to national training contractors and the use of 1970 as the starting point for comparing the current size of the program. The latter, for example, portrays the program at double its historical level. In fact, the program is currently at about the same size as when it started in 1966.

Our comments also focus on the lack of comparative information to provide a basis for assessing the Job Corps results. For example, the GAO characterizes the vocational completion rate for Job Corps as low. Data available from the Department of Education show that the Job Corps completion rates are comparable to vocational-technical institutes and proprietary institutions and substantially higher than community colleges, despite the fact that Job Corps serves a much more disadvantaged population.

Along with our comments, our staff has supplied information regarding the placements GAO questioned as potentially invalid based on its survey of employers or inability to find the employers. In just the two days available to us we have been able to verify over half of the placements questioned through records review (copies of pay stubs, verification letters from employers, Unemployment Insurance records) and telephone contacts.

After considering the comments and information we have furnished, we believe it is appropriate for the GAO to revise not only the content of the report but also the title of the report and some of the "headlines" included in the report to more fairly and accurately represent program operations and performance.

Should you have additional questions about the Job Corps program, our comments, or the data and information we provided, please feel free to contact me or the national director of the Job Corps, Peter E. Rell.

Sincerely,

Timothy M. Barnicle

TIMOTHY M. BARNICLE
Acting Assistant Secretary

Enclosure

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Enclosure

DEPARTMENT OF LABOR COMMENTS

NOTE: REFERENCES TO PAGE NUMBERS ARE TO FACILITATE STAFF REVIEW; THEY WILL BE DELETED FROM THE FINAL RESPONSE

Comments are presented by report section:

Results in Brief

Pages 2 - 3: Many of GAO's conclusions about program outcomes are based on students' vocational completion and job placement rates. While these are valid positive outcomes, the report makes no mention of other positive student outcomes, including student learning gains, GED attainment, and placement in further training or education institutions and provides an incomplete picture of the program's success.

Section 423(2) of the Job Training Partnership Act specifies that services are to be provided "in order to secure and hold meaningful employment, participate successfully in regular school work, qualify for other suitable training programs, or satisfy Armed Forces requirements." Training in a particular occupation is a means toward these goals, not an end in itself. If training in a particular field motivates a person to get more education or leads to success in another field, we consider that a success. In order to provide a complete and balanced picture, the report should include a full summary of outcomes for Program Year 1993, including the following:

Placements of all Terminees:	
In jobs	56%
In further education	9%
Total	65%
Training Related Job Placements:	
% of job placements	44%
% of all terminees	24%
Job Placement **Wages**:	
training related jobs	$ 6.00
all jobs	$ 5.47
Vocational Completion	36%
Education:	
GED Attainment (% of eligible)	52%
Average Reading Gain (grades)	1.7
Average Math Gain (grades)	1.6

Background

page 6: In providing background information on the Job Corps, GAO discusses the changes in the size of the program over only the past 25 years, not through its 30+ years of existence. The report implies that the size of the program has doubled since 1970. In fact, program capacity has fluctuated over the years, and the current capacity approximates the original size of the program in 1966, when there were 106 centers with a capacity of 41,924 students. The report should reflect the total program history for accuracy rather than starting with 1970, the one year in the program's history which had the lowest number of centers and capacity, as the base.

page 8: In the final paragraph of this section of the report, GAO mentions the longitudinal study conducted by Mathematica 15 years ago and implies that the cost effectiveness reported then may be negated by issues raised recently by the media and in Senate oversight hearings. No mention is made of the fact that a new longitudinal study is underway. The Department has contracted with Mathematica Research Corporation to conduct a net impact analysis of the Job Corps program. This study, which was initiated in 1994, will track a randomly selected sample of Job Corps students for 3 to 4 years after enrollment and compare their post-program earnings and employment experiences with a sample of applicants found eligible but not enrolled into the program as part of the study design. Based on performance data since completion of the earlier study, we fully expect the findings of the new longitudinal study to be as good as, or better than, those of the previous one.

Principal Findings

Job Corps' Clientele and Services Result in Higher Costs than Other Programs

page 9: The principal finding as stated provides an incomplete picture. As noted by GAO, Job Corps is more costly than other JTPA programs primarily due to its residential nature and the fact that the program is targeted to severely disadvantaged youth. **However, GAO does not include that Job Corps outcomes are also better than those for lower cost, shorter term programs.**

Nonetheless, we do not believe that a comparison between Job Corps and the Title IIC program sheds much light on the cost effectiveness of either program. Indeed, the discussion in the draft report clearly suggests that the two programs are too dissimilar to invite a meaningful comparison.

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To illustrate, the draft report points to dramatic differences in program design to explain why per-student costs in Job Corps are substantially higher than under the Title IIC program. The average cost for serving individual students in Job Corps is higher than other federal training programs, such as JTPA Title IIC, chiefly because Job Corps is a residential program and the others are not. Job Corps is a full-time, year-around program that provides housing, meals, medical care and a variety of other support services to the disadvantaged young people who become enrolled. Another area of difference which makes comparison difficult, also acknowledged in the draft report, is that Job Corps students tend to face more severe barriers to employment than IIC participants.

It would be more meaningful to compare Job Corps costs with those of other residential education and training programs. When this is done, the Job Corps expenditure rate appears to be in line with and somewhat below those of most other institutions, including colleges and universities. Based on data provided by the Department of Education, the average full-time college student will attend class 32 weeks during the 1994-1995 school year at a cost of $17,200. In 1994, the average Job Corps student will also participate for 32 weeks at a cost of only $15,100 - or 12% below the cost of college attendance.

The long-term return on the public's investment yields a generous return by virtue of increased economic output of former students, reduced welfare expenditures, and reductions in societal costs from criminal behavior. A well respected study conducted in the late 1970s and early 1980s by the Mathematica Research Corporation demonstrated that Job Corps returns $1.46 to society for every $1.00 it spends. An update of this study is currently underway, but a review of statistical Job Corps performance indicators over the intervening years suggests there is no basis to believe that the cost effectiveness of Job Corps has declined.

If GAO determines that the cost comparison between Job Corps and the Title IIC programs should remain in the report, then GAO should elaborate more fully on the differences in client groups and client outcomes that exist between the two programs. We further recommend that GAO more accurately portray the differences in expenditure levels.

The draft report indicates that the cost per terminee in Job Corps is substantially higher than in the decentralized youth training program under JTPA Title IIC. The GAO report cites a PY 1993 cost per terminee in Job Corps of $15,300 and a cost per terminee under Title IIC of $3,700. The PY 1993 unit costs stated in the GAO draft are not entirely accurate and should be changed as follows.

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- The Job Corps unit costs include capital outlays for new center facilities. After netting out these particular outlays (approximately $10.9 million), the PY 1993 Job Corps cost per terminee is more correctly stated as $14,602.

- The Title IIC unit cost reported in the GAO draft is based on the PY 1993 appropriation for IIC divided by the number of terminating youth reported by JTPA Service Delivery Agencies (SDAs). This does not properly account for the fact that a substantial portion of the IIC appropriation is allocated to State vocational education agencies which do not report terminee-based data to the Employment and Training Administration. A more valid method is to limit the computations to costs and services provided by those IIC programs that are administered by SDAs. In PY 1993, these programs reported total costs of $527.4 million and had 167,444 terminees who received services that went beyond "objective assessment". The PY 1993 cost per terminee in the SDA programs was therefore $3,150, lower than the unit cost used in the GAO report.

In regard to the costs of delivering substantive training to participants, Job Corps has an expenditure rate that is remarkably close to that of the Title IIC program - after considering that Job Corps is residential and Title IIC is not. Based on the PY93 SPIR DATA BOOK, the average terminee from the Title IIC program spent the equivalent of 8.7 weeks in full-time training (based on 7 hours of training, 5 days per week). In comparison, the average Job Corps terminee spent the equivalent of 32.4 weeks in full-time training.

Factoring in total program expenditures, including those for supportive services, the average cost for delivering one week of training to one Title IIC participant was $362. The comparable weekly training cost for Job Corps was $450, which reflects not only the costs of instructors and teaching materials, but also the costs of meals, lodging, pay and allowances, health care, transportation, counseling, and a variety of support services.

In regard to participant outcomes, the higher per-student investment made in Job Corps results in a substantially higher level of positive student outcomes -- most notably in placement rates. While the Title IIC program reported that 36% of its PY 1993 terminees had a positive outcome (34% job placement, 2% return to further education), the positive termination rate for Job Corps was almost twice as high at 65% (56% job placements, 9% return to further education). The substantially higher rate of positive outcomes in Job Corps was accomplished despite the fact that Job Corps participants tend to face more serious barriers to

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employment than do participants in the Title IIC programs. This should be reflected in the GAO report if the comparisons cited are to be meaningful.

page 10: Following Figure 3, the draft report lists many of the services provided by Job Corps, but overlooks a key component of the program -- education. Increasing students' educational levels and skills is a key factor to their success in vocational training, in enhancing their employability and in entry to further education. Ignoring this crucial program component provides a skewed picture of the program. Data on education outcomes and placements in further education (colleges, training schools, etc) are provided earlier in our comments.

Job Corps Students who Complete Vocational Training Have Better Outcomes, but Few Complete

The 30% figure for vocational completions warrants correction. We have provided GAO with data tapes and technical assistance which demonstrate that the actual figure is 36% as we report in our publications.

page 11: The principal finding that "Job Corps students who complete vocational training have better outcomes, but few complete" is misleading. More than a "few" -- about 36% -- of students completed their vocational training in Program Year 1993. The finding should be restated.

As the report indicates, vocational completion was a new performance standard implemented in PY 1993. It is worth noting in the report that this focus has resulted in continuous improvement. For the first 11 months of Program Year 1994, Job Corps' vocational completion rate was 42.3% for all terminees.

Most importantly, the GAO characterizes vocational completion as "low" without comparison to other programs or populations. In fact, center performance in this area is comparable to outcomes of community colleges, vocational-technical institutes and proprietary institutions.

In the National Assessment of Vocational Education Final Report to Congress, Volume II, June 1994, the Department of Education reports completion rates for vocational programs as follows:

Community College:	13%
Vocational-Technical Institute:	43%
Proprietary Institution:	38%

The overall completion rate for public sub-baccalaureate institutions offering less-than-two year programs for all programs (academic, vocational and general) was 44%.

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These results were based on outcomes of high school graduates, a significantly more advantaged population than Job Corps students. It is clear from this data that, given the population served by Job Corps, the program's vocational completion outcomes are, in fact, very good. As a result, the GAO characterization of Job Corps vocational completion rates as "low" is not appropriate.

The GAO report goes on to state that "...those students who completed vocational training at these (6) centers were 5 times more likely to obtain a training related job at wages 25 percent higher than those who did not complete their training. Yet, about 40 percent of program funds at the six centers was spent on students who did not complete vocational training."

Again, we must point out that attempting to characterize Job Corps' cost effectiveness on only one outcome provides an inaccurate picture and misleads the reader to believe that expenditures on behalf of noncompleters represent an unproductive investment. This could not be further from the truth.

A large number of those who leave Job Corps without completing their vocational training do receive a substantial benefit from the program. For the 40,314 students who terminated in PY 1993 prior to completing their vocational instruction, the following positive outcomes were reported:

Type of Gain or Benefit	Number of Students
Measurable gain in reading skills..	8,062
Measurable gain in math skills.....	9,590
GED attainment.....	4,055
Job/military placement.....	18,083
Entry into further education.....	4,550

In regard to the 40% noncompleter expenditure rate cited in the draft report for the six centers visited by the GAO, the Department's analysis indicates that this is not representative of Job Corps as a whole. While it may be true that the 40% rate applies to the six Job Corps centers in the GAO sample, the Job Corps national average in PY 1993 was only 34% -- meaning that a full 66% of program expenditures were devoted to vocational completers. This is based on total days in training by PY 1993 terminees who were vocational completers versus total days in training by terminees who were noncompleters. This should be reflected in the report.

page 12: Footnote 10 mentions that a new vocational completion standard was established for Program Year 1994. Vocational completion was established as a formal performance standard in PY 91. The GAO does not mention that Job Corps revises and increases the standards for centers annually. This strategy is

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successful as evidenced by performance in the current year where 42% of all terminees completed vocational training versus 36% in PY 93.

pages 12 - 15: The draft report indicates that 44% of students at the six centers included in the GAO review completed vocational training, and that 37% of these attained training related jobs. The report goes on to note that about 2/3 of students who did not complete their training were employed in low-skill positions. This is not surprising -- there is clearly a direct correlation between length of enrollment, vocational completion, and job placement -- the longer the period of enrollment, the greater the likelihood of GED attainment, vocational completion, and job placement, especially job training match placement, and higher wages.

page 14: Figure 7 is titled "Outcomes at the Six Job Corps Centers." Again, this is misleading since the outcomes reported completely overlook education gains and GED attainment rates, which are also positive student outcomes which center operators are held accountable for through formal performance standards.

Figure 9 depicts the retention period for job placements which GAO characterized as an average of 4 months. Because the distribution of job tenures does not include persons still employed at their initial job placement and because the distribution is highly skewed, the average time a job is held is not a meaningful statistic. More importantly, the job placement reported is only the first job held after leaving the Job Corps. As the GAO report itself notes, what matters is not how long students stay at their first job, but whether they move on to better jobs or become unemployed. The 1982 evaluation of the Job Corps found that enrollees consistently had higher employment levels than comparison youth over the entire four-year follow-up period.

Further, the job tenures reported in the GAO study are consistent with the job turnover of at-risk youth found in other studies. Data from the National Longitudinal Surveys indicate that the average job tenure for dropout youth is about four and a half months. The job tenure for Job Corps youth would be over six months if GAO had included youth still employed in their average.

Reported Job Placements Inaccurate

GAO provided the Department with the social security numbers of the placements they questioned because in conducting a survey the GAO staff could not locate employers of record or the employers contacted reported no record of having hired the student. In the two days we have had since receipt of this information, we have verified 44 of the 73 questioned placements. 20 of the 39

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placements questioned because GAO could not locate the employer have been verified to date. 24 of the 34 placements questioned because GAO indicated the employer had no record of having hired the students have been verified to date. These are the results to date for the two days available to us. We are continuing to work on verification of the remaining questioned placements.

We will provide the GAO with copies of our verifications and supporting documentation. Verifications were obtained through review of documents available (pay stubs (6), letters from employers confirming hiring (20), UI data(8)) and through telephone contacts (11).

The GAO not only questions the validity of these placements but also estimates the impact on overall placement rates. Based on our results after two days of effort, the GAO should substantially revise this section of the report. If the GAO continues to make estimates of a "true" placement rate, it should also include an estimate of placements for those students who were considered in Job Corps reports as not placed due to lack of information (missing forms, not located, etc).

QUESTIONABLE BASIS FOR NATIONAL CONTRACTS

GAO states "it is unclear whether the national contractors are any more successful in placing Job Corps students in jobs than other training providers" based largely on their assertion that "only 3 percent [of placements] were made by national contractors."

In reaching this conclusion, GAO relies on Job Corps placement data that was not designed for this purpose. In fact, the design of the Job Corps placement system is such that only those responsible for reporting and verification of placements can enter placement data, and the system precludes the NTCs from entering placement data and being credited with placement outcomes.

None of the National Training Contractors (NTCs) have been assigned placement codes for data reporting since their primary function is training; thus, no placements can be directly attributed to NTCs in SPAMIS. Placement of students who participated in NTC programs is credited to the center or placement agency which verifies and reports the placement. This was a deliberate decision to ensure accurate reporting and independent verification of placement of NTC students.

This entire section of the report should be rewritten. SPAMIS contains no data that would reflect direct placement activity other than for those who have placement entry and verification responsibility. Rather, the results of NTC programs should be

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assessed based on the outcomes of students who participated in the NTC programs.

The Department does firmly believe that the training provided by and placement assistance network available through the NTCs is worthwhile. During Program Year 1993, 59% of students in NTC programs were placed in employment at an average hourly wage of $5.93 as compared to 54% of students in center vocations who were placed in employment at an average hourly wage of $5.23. 44% of NTC participants who entered employment were placed in training related jobs at an average hourly wage of $6.67, as compared to 36% of students in center vocations entering employment who were placed in training related jobs at an average hourly wage of $5.40.

GAO goes on to question why Job Corps is providing training in construction-related trades based on their assertion that this is "a declining occupational category." In fact, the Statistical Abstract of the United States shows that construction as a percentage of total employment declined from 4.25% to 4.19% from 1983 to 1993. During this same time period, the number of civilians employed in the construction trades increased from 4,289,000 to 5,004,000. Using the same time period as GAO used (1986 - 1993), construction as a percentage of total employment declined from 4.49% to 4.19%, while the total number of civilians employed in the construction trades increased from 4,924,000 to 5,004,000. It is clear from the history depicted in the Statistical Abstract that construction is NOT a declining occupation in terms of total employment.

Training in the construction trades may be the most appropriate training for many students. Jobs in the constructions trades pay high wages, do not require academic training that many dropouts already have rejected, and appeal to many Job Corps students. Persons trained in the construction trades are not tied to a local labor market, but can make a living on their own in any part of the country.

Job Corps construction trades programs are cost effective based on higher outcomes for students. During Program Year 1993, 59% of students in NTC construction trades training were placed in employment at an hourly annual wage of $5.91; 44% of students who entered employment were placed in training related jobs at an average hourly wage of $6.65.

Students enrolled in the construction trades receive the additional benefits of hands-on training and actual work experience through participation in vocational skills training projects, work on construction and renovation of facilities on center (which saves capital dollars) and in public service to the community through work on construction and renovation of public facilities. As long as the outcomes are good, as is currently

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the case, we do not believe it is inappropriate to provide training in the construction trades.

CONCLUSIONS

As noted by GAO, completion of vocational training is very important to achieving a successful program outcome, but it is not the only factor. GAO expressed concern that "only about 1/3 of the students complete their vocational courses" and that 40% of funds is being spent on non-completers.

The number of vocational completions has steadily increased and Job Corps's vocational completion rates (36% in PY 93 and 42% of all terminees in PY 94) are comparable to those of other institutions providing vocational instruction such as community colleges, vocational-technical and proprietary schools. However, as we have previously indicated, other outcomes, including learning gains, GED attainment, and placement in colleges and other eductation are essential to enhancing Job Corps students' employability. GAO completely overlooked these key outcomes.

It is misleading to state that 40% of funds are being spent on non-completers. Non-vocational completers receive other benefits from the program, including educational skills, GEDs, vocational training and job and education placements as we have previously noted; it is simply not appropriate to base assumptions regarding cost effectiveness only on vocational completers.

GAO's conclusion that national training contractors accounted for only 3% of placements is based on utilization of data not designed for this purpose, as we have noted. During Program Year 1993, 59% of students in NTC programs were placed in employment at an average hourly wage of $5.93 as compared to 54% of students in center vocations who were placed in employment at an average hourly wage of $5.23. 44% of NTC participants who entered employment were placed in training related jobs at an average hourly wage of $6.67, as compared to 36% of students in center vocations entering employment who were placed in training related jobs at an average hourly wage of $5.40.

Recommendation to the Secretary of Labor

As we have previously indicated, we firmly believe use of the national training contractors is cost effective, but we will review the practice of contracting for these services on a sole source basis.

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